

Message Text

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C O N F I D E N T I A L STATE 190793

FOR DEPUTY ASSISTANT SECRETARY WEINTRAUB

FOLLOWING REPEAT LONDON 10869 ACTION ACCRA SECSTATE 21 SEPT

QUOTE

C O N F I D E N T I A L LONDON 10869

E.O. 11652: GDS

TAGS: BGEN, EFIN, PFOR, GH

SUBJECT: GOG PARTICIPATION IN BRITISH FIRMS

REF: LONDON 10815

1. IN ADDITION TO DESCRIPTION OF PARTICIPATION TALKS
BETWEEN GOG AND BRITISH FIRMS PRESENTED BY UK TO
CREDITORS DURING SEPTEMBER GHANA DEBT MEETING AND
REPORTED REFTEL, FOLLOWING ADDITIONAL DETAILS PROVIDED
MEMBER US DELEGATION BY FCO OFFICER RESPONSIBLE FOR
GHANA.

2. PARTICIPATION TALKS WITH BRITISH ALUMINIUM (BAC) WERE
SUCCESSFUL BECAUSE BAC HAS AN ALUMINA PLANT IN SCOTLAND
TOTALLY DEPENDENT ON GHANAIAAN BAUXITE. BAC THUS HAD
LITTLE ALTERNATIVE BUT TO COME TO TERMS WITH GOG
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QUICKLY. HMG DOES NOT KNOW TERMS OF SETTLEMENT BETWEEN

BAC AND GOG.

3. FOUR BRITISH FIRMS NOW NEGOTIATING WITH GOG HAVE REJECTED GOG DEMANDS AND MADE PROPOSALS OF THEIR OWN, TO WHICH GOG HAS NOT RESPONDED, DESPITE REPEATED REASSURANCES IT WOULD DO SO. COMPANIES REJECT BOOK VALUE AS BASIS FOR EVALUATION AND EXPECT SOME COMPENSATION FOR ORE OR TIMBER RESERVES.

4. COMPANIES ARE WILLING TO ACCEPT STRETCHOUT IN PAYMENT FOR COMPENSATION BUT HAVE BEEN UNABLE AGREE ON SCHEDULES WITH GOG. NEGOTIATING COMMITTEE UNABLE GIVE ANY ASSURANCE REGARDING REPATRIATION OF COMPENSATION PAYMENTS, OTHER THAN TO STATE IT WOULD USE ITS GOOD OFFICES WITH BOG TO SEE THAT FOREIGN EXCHANGE IS MADE AVAILABLE.

5. PREVIOUS IS COMPOSITE PICTURE WHICH MAY NOT BE ACCURATE IN EACH PARTICULAR FOR EACH FIRM AND EACH NEGOTIATION.

6. CHAIRMAN ROLAND OF LONRHO RECENTLY VISITED ACCRA TO MAKE NEW AND POSSIBLY NOVEL PROPOSAL TO GOG. LONRHO BELIEVES ITS POSITION UNIQUE, AS IT PAID 15 MILLION POUNDS, MORE THAN BOOK VALUE, FOR ASHANTI GOLDFIELDS, ONLY FOUR YEARS AGO.

7. PATTERN OF INTERACTION BETWEEN COMPANIES AND HMG RANGES FROM CLOSE AND FREQUENT CONTACT TO ARM'S LENGTH ATTITUDE OF AT LEAST ONE COMPANY.

8. FCO PLAYING MAJOR ROLE IN HMG'S HANDLING OF THIS ISSUE, WITH HIGH COMMISSIONER STANLEY QUITE AN ACTIVIST.

SOHM UNQUOTE RUSH

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